CURRENCY.

LESSONS FROM THE OLD WORLD.

Austrian Currency as Compared with the Currency System of the United States.

Objections to a Metallic Currency as National Money.

Currency History of Austria from the First Issue of State Notes, in 1762, Down to the Present Day—Forced Suspension of Specio Payments—Graduni Resumption—Suggestive

Two years ago you laid before the American pub-io the pith and substance of the currency experi-nces of England; and these contributions of yours to the general stock of knowledge on this rather and little popularized subject of currency edly aided in changing the opinion of Con-HERALD, namely, "letting well alone." Myself a twenty years' student of currency theories and an the position of your Vienna correspondent confers to bet up immediately for the journal I am proud to represent, and mediately for my fellow citizens at home, the valuable and little known history of Austrian currency and to throw into relief so much f the same as has a bearing upon the present cur-ency situation of the United States. I came to the hat I have fathomed it to the bostom can assure he reader that the currency history of Austria, from the first issue of State notes to the present time, is sicher and more diversified than that of England tince 1797, and that in particular the currency and counter revolutions, in the multitudinou xperiments of which it affords examples, exceeds nything that any modern State has to exhibit in nals genre. When I say that in the eighteen ears that are included in the term of ears 1848-56 there was a forced suspension f specie payments, followed by a partial resumpion in the autumn of 1868, and that this artial resumption was followed by a second suspenteps towards a second resumption had been taken of far as that the legal tender paper money had been ought almost up to par with silver, and that this ituation had been scarcely reached ere it was com-letely turned upside down by the war with Prussia ave been issued, called in and cancelled and again here have been the while two separate breaches and me renewal of the Bank of Austria's charter, I have ven merely the baldest possible summary of what contained in the third section of my treatise.

It is only fair to contess at the outset that I am a confirmed anti-bullionist and entirely share the urrency views of General Butler. I have two ob-ections to a metallic currency as a national money nati change always excepted) and to paper money avertible on demand into the same. The first and incipal of these objections is that the national cur, straction and ex pansion in obedience to the wards its shores; in other words, that a national or lomestle carrency should not be sensibly affected by the fact of the balances of international trade being "active" or "passive," or "favorable" or "adverse."

being "active" or "passive," or "favorable" or leadverse,"

My reading has convinced me that every one of the monetary panies which have periodically affected Freat Britain since 1830 have been due to the circumstance that her currency and credit system were (and still are) not proof against a drain of bullon; while I am equally persuaded that the immunity from panic (yea, the power of assisting panictricken England) which the United States has nloyed (to the astonishment of European and American buillonists) since the conclusion of the yar, and especially in 1866, is due to the circumstance that the American people have had a paper unrency based on a taxation standard of value, and hat gold builton has been reduced to its proper, 4. commodity level.

My second objection to a buillon and buillon based system is that it is uneconomical and therefore undemocratic. The positive part of my creed includes the following points:—

Prist—That it is not only the right but the duty of the State which levies taxation on its citizens to fursive the favorage with the means of paying in a

gold and silver coin should be reserved in international currency and a fund for the of the national creditors in cases where the

Third—That gold and silver coin should be reserved to form an international currency and a fund for the payment of the national currency and a fund for the payment of the national creditors in cases where the contract is to pay in metal.

Pourth—That the slight fluctuations in value which a well regulated amount of State notes is subject to in times of peace and security are a much less evil than the tremendous evils (of which evils rapid and immense fluctuations in the prices of all property and in the rate of discount are only a small part) to which a buillon system inevitably subjects a pation which adopts it.

Fifth.—That the remedy for the fluctuations in the metal value of a purely national or symbolic currency (if greater fluxity be demanded) is to be sought rather in the use of (a) either metal contracts or (b) of contracts quitable in paper but graduated on metal prices, which latter form of contracts are in yogue with the Austro-Hungarian rathway and telegraph companies; but such remedy is not to be fought in the resumption of a specie currency. But assuming for the sake of argument that a nation pught to return to specie payments after having (not got rid of them, then Sketh—I) prefer the plan of those modern bullionists who seek to reach the desired end by the "growing pp" and gradual process to the cruef and terribly efficacious plan of contraction of the currency as advocated by the extreme bullionists.

Seventh—On the same assumption I hold with the moderate bullionists in favor of small notes as being preferable to coin, because the former are a cheaper instrument than the latter, and help to educate the people into the true idea that their domestic exchanges can be carried on by paper media, and although neither gold nor silver are in actual circulation. This is another point on which, happily, the pullionists differ from each other.

Such are my principles, and now to return to my theme, which is naturally divided into two sections, hamsly—First, the period from the issue of State

me, which is naturally divided into two sections. pamely-First, the period from the issue of State tes (1762) to the 1848 revolution, and secondly, the period from March, 1848, to March, 1869.
THE PERIOD FROM THE PIRST ISSUE OF STATE
NOTES (1762) TO THE OUTBREAK OF THE 1848 RE-

For most European nations the French Revolution for the wars which followed so quickly in its train were the occasions which forced the State to resort to its sovereign power of issuing paper money; but in Austria the first issue of treasury notes, State to its sovereign power of issuing paper money; but a notes or taxation money dates a generation earlier, and is contemporaneous with the Seven Years' War. It is slingular that it was a king of Prussia who forced an ever unwilling A ustrian government to saue both its first (1762) and last (1866) editions of state notes. Wishing ill to Austria, Frederick the Great and Wilhelm I. thereby unwittingly did the trace they sought to bring to the ground a great service. They helped to reveal to Austria, Frederick the Great and Wilhelm I. thereby unwittingly did the tate they sought to bring to the ground a great service. They helped to reveal to Austrian statesmen and to press into their hands a valuable and hitherto naused resource. The royal patent authorizing was dated June 16, 1762. It tried the experiment on a modest scale, for it limited the issue to 12,000,000 borths in notes, from five florins upward to one nundred ditto. These treasury notes were declared be receivable in payment of taxes to the amount of one-half of the tax liability. They were both convertible into coin at the metropolitan and provincial treasuries, and were also fundable at the rate of five per cent interest. They were not legal ender between citizen and citizen. These notes of 162 labored from their birth under four defects—namely, three of substance and one of form. Among he friends of taxation money there may be and here are two opinions as to whether it should be declared by the State which issues it to be legal ender between citizen and citizen (your correspondant has expressed his opinion on this point in his introductory section); but there is no difference of opinion upon the point that such notes, when not send in excess, organt to be received by the State in payment of the whole (not the half) of its tax bill. The second substantial defect was that they were donvertible into coin on demand, this being a violation of the first principle of State notes, when ought to be representative of taxation only and have no irrect connection w

of being termed as such notes are now in Anstra-State notes—or as a similar kind of money in Prus-sia, Saxony and the United States is now called treasury notes (kassen billette), they were errone ously dubbed with the title of bank notes (bance

Nevert heless, with all its faults, the form of this country of modern civilization, has an undeniacie history of modern civilization, has an undeniacie historie formulary of one of them, a formulary which, be kindness of the West Austrian Minister of Fince, your correspondent has been allowed to copout the Patent of 1762 as preserved among the

be forth and spward, but not under, interest bearing bank bonds at free per cent, may be exchanged.

The experiment succeeded beyond the expectation of the imperial royal government. The increase of the circulation gave a much needed impetus to the national industry. The general puolic preferred the new notes to metal, and such a glow of confidence and optimism took possession of the community that in less than eighteen months after the first issue of State notes the government was able, in consequence of the amount of money offering itself to it, to reduce the interest on the State debt from six to five per cent and shortly afterwards to still reduce it, in the same unobjectionable manner, to four per cent. 1771, August 1.—By this time no less than 7,000,000 of the 1762 edition of State notes the above date, remained unused by the public. At the above date, therefore, the government issued a second edition of 12,000,000 forins, but not exactly on the same terms as the first edition. The patent authorizing the second edition corrected the first and third defects in substance of the first patent and declared that the State notes should henceforth be received by the State in payment of the full amount of taxation due by the citizen to the State. The third substantial defect, namely, the right to fund the notes in a five per cent stock, was abolished, and rightly so, for, we repeat, taxation money, when not in excess, should be kept in circulation, and, moreover, should not burden the State note was raised from 100 to 1,000 florins. Aiready, then, from this date onward we find the State note was raised from 100 to 1,000 florins. Aiready, then, from this date onward we find the State note was raised from 100 to 1,000 florins. Aiready, then, from this date onward we find the state note was raised from 100 to 1,000 florins. Aiready, then, from this date onward we find the state note with interest. The highest denomination of State note was raised from 100 to 1,000 florins. Aiready, then, from this date onward we find

Vienna, July 1, 1771.

This form remained unchanged throughout the whole of the period during which these so called banco zettel were issued. The reader will observe that it avoids the grave fault in point of form of the United States Treasury note, which contains on its face an unmeaning promise to pay. It is an elementary axiom of monetary science that taxation notes should be promises to receive, not promises to pay.

mentary axiom of monetary science that taxation notes should be promises to receive, not promises to pay.

1795, June 1.—At this date the notes of the 1762 and 1771 editions were called in and 20,000,000 new were issued in their stead on the 1771 model and conditions.

1788.—In this year, the year preceding the outbreak of the French Revolution, which was to have so powerful an effect upon the increase of paper money in Europe, 10,942,000 florins more of State notes were issued.

1792, April.—In this month the French so-called "patriot" government declared war against Francis I., the last emperor of Germany. At this moment, which must be considered epochal in the history of paper money, the exact amount of State notes (taxation money) affoat was 26,729,130 florins.

The French government began their war upon Austrian government, out of opposition to Jacobinical financial policy did not in the first war against the French republic, which ended with the treaty of Campo Formio (1797), notably increase the Amount of the taxation money affoat. Indeed, the first idea of Austrian statesmen was to imitate Engiand and Mr. Pitt and carry on the war with a bullion currency. With a view to this end the Austrian government contracted raw bullion loans and called upon the clergy to meit down their gold and sliver plate and contribute it to the national fund raised for the war against a sacrilegious and God-defying nation. Accordingly, at the end of 1795, after three years and a hair of war, the Treasury notes in circulation only amounted to 35,495,785 florins. The Austrian government contracted to 35,495,785 florins. The Austrian government called in Julian allone.

1790, Augusy.—The Austrian government called in all the old notes of the various editions, and an

to 35,495,785 forins. The Austrian government, however, made the discovery—at least as early as Pitt made it—that a great war cannot be carried on upon buillon alone.

1796, Augusy.—The Austrian government called in all the old notes of the various editions, and announced its intention of issuing new ones in exchange therefor. Two new points of great significance distinguished this emission from its prodecessors. In the first place, the amount of the issue, which had always on previous occasions been stated in the royal patent or ministerial order relating thereto, omitted this declaration on the present occasion. Secondly, the clause stating that the treasury notes were not to be legal tender between citizen and citizen was also omitted.

1797, April 7.—This significant omission was followed up on this day by an edict declaring the treasury notes to be legal tender between man and man. Thus the Austrian government at length clothed its taxation money with that attribute which was accorded to the United States taxation money by the Legal Tender act of February, 1862, and the Austrian attaction money in 1849 and 1866. At the same time the quality of convertibility into coin was withdrawn from the notes, so that from this time forth until after the peace, the Austrian State notes have all the attributes of taxation money. It is interesting to observe that this suspension of cash payments for the Austrian State followed hard upon the suspension of cash payments by the Bank of England in February 1797. From and after April, 1797, the treasury notes stand at a slight discount as compared with sliver, the standard metal. But at the end of 1797, when the amount of treasury notes aloat amounted to 74,225,906 forins, sliver was only quoted at 102 a 100 (or 102-100) in the legal tender currency, and at the end of 1798, when the amount after the decreasury by 100 (or 102-100) in the legal tender currency, and at the end of 1798, when the amount after the decreasure and the first payments by the Bank of the amount after th

notes anoat amounted to 74,228,900 norms, silver was only quoted at 102 a 109 (101-109) in the legal tender currency, and at the end of 1798, when the amount aftoat had increased to \$1,851,985 dorins, the premium had fallen to 101 a 109 (101-109).

1790, 1800, 1801 AND 1802.—The currency history of these years proves how much strain and stress the valuable institution of taxation money will bear without breaking down under the test. The peace of Campo Formio was of short duration, and was followed by the second war with the French republic. In the last year of the century (1800) one and two florin notes were issued by the government for the first time. By the end of 1801 the premium on silver had risen to the still tolerable figure of 110 a 100, and the amounts of treasury notes in circulation to 262,000,002f. By the end of 1802, while the amount in circulation had increased to 337,102,339d., the premium on silver had only reached the still not alarming premaum of 120-100. Had First Consul Bonaparte only rested existed with the excellent position in which France was left by the peace of Luneville (1801), the history of Austrian taxation money would not have been distigured with the meiancholy and disastrous chapter of events which followed the war, levied by the First Consul against South Germany and Austria. Indeed as Frederick the Great and the French republicans may be deemed, the one to have indirectly brought into being the institution of Austrian treasury notes, and the second to have developed them into a perfect system of taxation money, and to have multiplied to the full extent compatible with a healthy system of currency (a small discount being not incompatible with a state of health, so by parity of roasoning, the first Bonaparte, with his insatiable lust for war, must be regarded as the contriver of the ruin of Austrian treasury notes, and the second to have have leading, so by parity of roasoning, the first Bonaparte, with his insatiable lust for war, must be regarded as the contriver of the ruin o

Percentage of Property

down to the end of 1802:—

Percentage of Premium

Fear. Florins. on Silver.

1762. 12,000,000 0

1775. 12,000,000 0

1785. 20,000,000 0

1785. 20,000,000 0

1786. 30,305,785 0

1796. 30,305,785 0

1796. 40,820,925 0

1797. 74,228,960 2

1798. 91,861,965 1

1799. 141,918,640 7

1800. 200,948,588 15

1801. 282,000,092 16

1802. 337,172,339 2

1803-15.—I shall not dwell long on the currency history of these thirteen years. I concede to the builtonist that in the events of these years may be found an example second in pregnancy and point only to that afforded by the fate of the assignats against the abuse by the State of its prerogative of issuing paper money. Such justification for currency abuses as can be afforded by political calamities the Austrian government certainly had. In February, 1811, the State decreed an arrangement with its creditors, including the noteholders—in other words, became bankrupt. Nevertheless, the State notes issued before 1799 were regarded by the State as at par with silver and were exchanged for an equal nominal sum of the einlostungs scheine, or new government currency, which was issued in substitution for the old so-called banco settel.

1816.—The peace of Paris was signed on November 20, 1816, and in less than twelve months from that date Austria had assumed specie payments. So far as my investigations entitle or enable me to form an opinion, I do not think that the sugarings of the mass of the population which ensued from this measure have found an echo in the literature of this empire, and that for very good reasons. In the first piace, Austria had assumed specie payments. So far as my investigations entitle or enable me to form an opinion, I do not think that the sugarings of the measures of the government to suffer in silence. Hence it was impossible à priori, that an Austrian Thomas Atwood should arise and give voice and vent to the protests of the middle and working classes against being made subjects of reckiess currency, experiment and conner revolutions. In the second plac

That transfer into gold of public and private obligation contracted in depreciated paper, as carried out in Britain and as demanded by the buillonists in the United States, that operation which was, in my opinion, justly stigmatized by the late Sir James Granam in his pamphlet on "Corn and Currency" was a voided by the absolutist statesmen of Austria, and the Austrian (first and last) total resumption of specie payments has left no such melancholy traces upon the page of history as those left by the British resumption.

resumption.

Nevertheless the general policy pursued by Austrian statesmen at this juncture was such as no advocate of State paper money can approve. Austrian statesmen had before them the experience, in the matter of State notes of more than half a century. During two-thrids of that period the issue of State notes in moderate quantities had proved to be eminently beneficial to the community and convenient to the State. These State notes, so wisely regulated in their issue, had seen able to circulate at par, with a gold and silver standard during the whole time of peace and during several years of war. The latter filteen years of the said period had likewise afforded an example of the flagrant abuse of the prerogative of the issue of paper money. Now, what was the most reasonable deduction from this long series of experiments? I contend that that deduction was that the State should keep in circulation 50,000,000 or from that to 100,000,000 forms of taxation money, and that such a measure would not even have been inconsistent with a metallic standard, as experience had already proved that such an advantage of the same as good one against the buillonist I mist guard against the inference that, per se, I am in favor of a metallic standard. It advocate the issue of taxation money by the State, whether or not it can be kept at par with coin. On the other hand, the doctrine on which the then Austrian statesmen proceeded was to pass condemnation on and surrender in toto the prerogative of the State to a body of private capitalists, incorporated as the National Privileged Austrian Banking Company, which charter, granted in 1816 for a term of twenty-five years, conferred upon this company the exclusive privilege of issuing paper money in the ambit of the Austrian empire. These notes were, of course, convertible into coin on demand. To the new bank was also entrusted the duty of exchanging, at a two-fifths nominal value, the old State notes for the new bank motes, and an interest bearing dubit, and in least the mean to t

excessive—a: little over 220,000,000 florins. In August, 1848, the premium on silver was the nearly nominal one of 1½ per cent only.

It was the October revolution in Vienna, the revolutionary attitude of Hungary and the difficulties in Italy which at length forced the government to disregard the bank charter and to resume the prerogative which ought never to have been alienated—of issuing State notes, receivable in payment of taxation at the State treasuries. The paper money issue at this juncture must be divided into three categories—namely: first, the West Austrian; second, the Lombardo-Venetian, and third, the Hungarian. The West Austrian category of State notes (first emission) bears date January 1, 1849, and ranges from the denomination of 5 florins upwards to 1,000 florins. The one fault of these State notes, called cassatametismen, was that they were interest bearing. The 5 and 10 florin notes, carrying interest at 145 per cent and the higher denominations at 3 per cent. The Lombardo-Venetian series, dating from April 1, 1849, ranged from 5 lives up to 2,400 lires, the 5 and 10 lire notes being non-interest bearing and the higher denominations, like the higher cassatametismen in West Austria, bearing interest at the rate of three per cent. The Hungarian series of notes differed from the West Austrian in form and substance. In the first place they were all non-interest hearing, and in the second they were lessed at the low denomination of 2 forins. The formulary which I subjoin was printed on one side in German and on the other in Hungarian. It ran as follows:—

PLORINS.

A check on the receipts of lates seen theck instead of colors, March 1, 1849.

As even in spite of a futile prohibition against the export of coin, even the metallic small change dis-

urce of dearway of the kingdom of Hungary. The intercept of taxes in Ofen and all face coin for — floring, and every citizen is bound to accept the same as good for the said amount in all payments.

O'REN, March 1, 1868.

As even in spite of a futile prohibition against the export of coin, even the metallic small change disappeared, a paper currency of the denomination of a premium.

O'REN, March 1, 1868.

As even in spite of a futile prohibition against the export of coin, even the metallic small change disappeared, a paper currency of the denomination of a rational attempt was made to supply the public with metallic small change by the emission of sliver pieces of the tenth part of a sliver florin, on which "dimes" a seignorage of no less than 23 per cent was levied. Nevertheless, this high seignorage did not prevent the great majority of these pieces from emigrating abroad. They were unable to compete with the paper bits.

In March, 1850, Baron von Krauss, the Finance banking with a view to obtain the said mission of sliver pieces of men supposed to be the wiseacre.

Nevertheless, this high seignorage did not prevent the great majority of these pieces from emigrating abroad. They were unable to compete with the paper bits.

In March, 1850, Baron von Krauss, the Finance Minister of the day, convoked in Vienna a number of men supposed to be the wiseacres in currency and banking with a view to obtain their opinion as to the policy which the State ought to pursue on the currency question. The report of this currency commission was handed in on Abril 20 of the same year, and published in the Austria, an official organ, on May 9. The commission, as we shall see, surrendered themselves entirely to rigid buillonist theories. All the more valuable, therefore, is their statement of the amount of the currency on February 25, 1850. The following is their statement of the legal tender paper money on the last named date:

1. Notes of the privileged banks of Austria. 267,504,497
2. Three per cent West Austrian Treasury notes. 64,514,499
2. Three per cent West Austrian Treasury notes. 64,514,499
3. Treasury notes secured on Hungarian evenue. 38,19,207
4. Lombardo-Venetian treasury notes. 64,514,499
5. German-Austrian fractional currency. 39,19,000
6. Hungarian fractional currency. 39,19,000

Total. 367,302,004

From this it is clear to every one not wedded to buillionism—first, that, estimating the then population of the empire at 35,000,000, the amount of currency was by no means excessive, a contention which is confirmed by the fact that the premium on silver, on the day to which the statement relates, was only 1415; secondly, that the State, by the issue of about 100,000,000 florins of treasury notes and fractional currency, had made an extremely moderate and prudent use of its prerogative, notwithstanding hat in 1848 and 1849 the government had more than once been on the point of political rulia. In spite of this moderation, the cemmission of wiscacres made the following recommendations:—

1. To fund the State notes of all kinds issued since January 1, 1869, ha are ver six per cent mis

should be raised or insection of punishment, only five per cent?

7. That after resumption of specie payments by the bank, for which, however, no definite time was fixed, the notes under ten florins were to be entirely withdrawn from circulation by the State.

8. That until that time the small notes be made convertible into metal as the State treasuries.

9. That after resumption by the bank it should issue no notes smaller than ten iterias.

10. In the meantime gold and sliver contracts were to be leavilied.

notes smaller than ten florina.

10. In the meantime gold and silver contracts were to be legalized.

Such was the programme of the builtionist and bank monopolist commission, and to that portion of it which proposed to substitute metallic small change for paper bits representing the tenth parts of a florin, also to that which recommended the State to pay off its debt to the privileged Austrian banking corporation, the anti-builtonist would not merely not object, but would heartify commend. Moreover, as a lover of liberty of contracts he could have no valid objection to metal contracts, gold and silver being, under his system, degraded, and properly degraded, to the level of all other commodities. But his approval of the recommendations of this report must stop here.

The Finance Minister, himself wedded to builtonism, took this report of April, 1850, as his leadingstring, and would doubtless have been glad to carry out its recommendations concerning resumption, the restoration of the bank charter in its integrity and the extermination of the small notes. But great social facts are not always under the control of fanatical theorisis, and these facts kicked hard against the builtonist policy. On the list January, 1851, the State issued in place of the cassa-anweisungen on both sides of the Leitha, a new edition of notes of 100, 500 and 1,000 florins, bearing three per cent interest am of 60, 10, 8, 2 and 1 florin, without interest. In this respect and in conferring upon them the attribute of legal tonder the government were not so builtionism appeared in the delusive and never performed promise of conversion into Silver contained in the formulary or these new notes, called reichsschatz scheine, or imperial Exchequer bills.

Imperial Exchequer Bill.

The Imperial Treasury and all fiscal others will accept the good for—floring, instead of coin. The exhequer Bill.

The Imperial Treasury and all fiscal others will accept the good for—floring, instead of coin. The exhequer begins to be changed for white the coin and the fine first the first the

Our comment on the concluding clauses of this formulary is that the government never found itself in a position to convert its notes into coin, and therefore that the prom'sed "special ordinances" never saw the light. The trouble with Prussia at the end of 1850, and the expenses incurred by Austria during the Crimean war (1853-5), disabled the government from amassing a large metallic fund, or enabling the bank to do so, by squaring accounts with it with a view to the restoration of specie payments.

fund, or enabling the bank to do so, by squaring accounts with it with a view to the restoration of specie payments.

On February 23, 1854, an important step was taken towards the restoration of the bank's monopoly of issue and the resumption of specie payments. The State transferred to the privileged Austrian bank all the treasury notes (exchoquer bills) in circulation, amounting at that time to about 150,000,000 florins—a by no means excessive, aye, a very moderate amount. These State notes were to be retired and replaced by bank notes, it was at the same time ordained that after the 1st of November, 1856, no State paper could be used in payments or be changed by the bank; but, in point of fact, the bank exchanged all the State notes it ever did exchange (146,200,000 florins in amount) within a twelvemonth from the date of the ordinance, and February, 1858, must be assigned as the date when the issues of State payfer money called forth by the events of 1848 and 1849 ceased to exist. As part of this plan the State agreed to pay the bank at least 10,000,000 florins a year in silver, with a view to enable the bank to amass a metal fund preparatory to the resumption of specie payments. At the time

events of 1848 and 1849 ceased to exist. As part of this plan the State agreed to pay the bank at least 10,000,000 florins a year in silver, with a view to enable the bank to amass a metal fand preparatory to the resumption of specie payments. At the time when the State notes were ceded to the bank the premium on silver stood at twenty-nine.

Still the buildonists' eyesore, an inconvertible paper currency, remained. The State had surrendered its prerogative; the State notes were doomed, but the bank notes were still inconvertible. It was Baron von Bruck, who, by a boid coup, determined to force a resumption of specie payments. This boid coup was to contract a new so-called "national" loan, as security for the repayment of which the State was to piedge, with power of sale, its domains, and of which the proceeds were to be paid to the bank, with a view to reduce the debt owing to it by the State, which then amounted to 265,000,000 of florins, to the normal amount of \$5,000,000 of florins, to the normal amount of \$5,000,000 of florins, to the normal amount of \$5,000,000 of florins. This, of ccurse, with the ultimate aim of enabling the bank to resume. This loan was offered in October, 1855, and Baron von Brück then announced that by the month of August, 1858, the bank would be in a position to resume specie payments.

A reference to appendix No. 1 relating to the bank note circulation will show that the povernmental and bank authorities, although they did not allow the State and bank notes to expand with the great expansion which Austrian trade, manufactures and public works assumed in 1850-8, yet did not pursue any cruei policy of absolute contraction, such as the extreme buillionists are always the advocates of. In February, 1850, as we have seen, the total bank and State note currency, exclusive of the fractional currency, which was never retired, amounted to about 331,000,000 florins. In 1831-2-3, the bank note circulation fell in consequence of repayments of the State dott the bank's monthly statements, the b

bound herself in a mutual contract with the states of the Zoilverein not only not to issue any more inconvertible paper mone and to withdraw it all before the propriet of the propriet of the propriet of the propriet years, will show that since the fifth month of 1836, at which period the premuum on silver stood at twenty-eight, the difference between the value of inconvertible paper and metal kept steadily diminishing, so that by the 185 of April, 1836, the premium of 1836, at which period the premuum on silver at the stood at the low figure of two and a haff, and from that time forth until the time forth until the contraction of the contraction of a premium on silver at this epoch happened on September 29, 1835, on which day it stood at the merely nominal rate of only one-half per cent. Add to this the relative contraction of the currency caused by a prefusal of the bank to extend its susce according as the demand for currency required, and we have the condition from the prices of all commodities except the precious metals, might, without more, be deduced by any one at all conversant with monetary science. Such a fall in prices did take place in 1955, and in the autumn of that year the bank made a partail return to specie payments by declaring its readmess to convert on demand its notes of the demonination of ten florins and upwards. The return was partial in restill not convertible. The bank was partial in restill not convertible. The bank was partial in restill not convertible. The bank was partial in the still not convertible. The bank was partial in the still not convertible. The bank was the cause there was no silver coin in circulation or even minted to take their places.

Now, according to the buillonist theory, it ought to have been a flourishing year for Austrian industry, while, according to the builtonist theory it ought to have been a flourishing year for Austrian industry. The return was also the convertible of the proper in the

intermisions. Many reast, of 1887 was to come into full operation. Hereupon the stone which the bullonist Surphus had been tolkeomely, and will sunfering, rolling up the full because many and the sunfering and the control of the co

maximum of 39 on June 15 (see Appendix 2). On July 11 the Bank Charter act was formally suspended and the State began to issue one, five and fifty fiorin notes of its own, partly in substitution for the bank notes taken over and partly in competition with the bank note circulation. To the bank was left the exclusive privilege of issuing 10, 100 and 1,000 forin notes, and these only, and the State further engaged not to issue more than 300,000,000 of florins of taxation notes. The bank, on the other hand, after the government had paid back to it the war loan of 60,000,000 florins, was held to its engagement not to issue more hotes than came within the figure of 200,000,000 florins plus the amount of bullion in its coffers. The formulary of the State notes issued in 1866 is unimpeachable in form and substance. The notes are avowedly taxation money, and the mistake of 1849, L. s., the making these notes interest-bearing, has not been repeated. Fremising that all the State notes now in circulation bear the date and follow the formularies with which I shall test your endurance:

This State note is accepted and paid out by all the State treasuries and oilices on the occasion of all payments not by law expressly payable in coin for one forin of Austrian currency.

For the Imperial Royal Central Treasury,

A. B. Vienna, Juny 7, 1866.

For the Imperial Royal Central Treasury,
YIENNA, July 7, 18%.

1802—The aforementioned arrangement between the State and bank as to the respective limits of their note issue is the basis of the existing currency system of Austria and Hungary. The State has gone to the full length of the tether it meted out for itself, but not beyond it. On the 1st of March, 1869, the date of the latest published monthly account at the time of writing, the State notes in circulation amounted exactly to 300,014,011 florins, and barring a few hundred thousands, more or less, this may be regarded as a fixed sum. In consequence of the drawing in of the paper ten kreutzer bits, which is now taking place, the Finance Department claims to have the power of issuing State notes to an amount equal to the sum retired. This would allow at the present moment a margin of about 4,000,000 florins above the 300,000,000 florins to the Finance Department. This margin, as will be seen below, is scarcely yet implinged upon.

The bunk circulation falls and rises with the demands of its discount and loan business, but keeps between 250,000,000 and 300,000,000 florins. On the date of the last published weekly account its circulation amounted to exactly 384,357,460 florins. I will now endeavor to give an estimate of the currency, excluding the copper coins, in the Austro-Hungarian empire as it stood on March 1 of the present yeart—

are now is introduced into Austria, the gove are now issuing some new dimes and double of 1868 and 1868 date, alloyed to the extent mended by General Butler, and these pieces liable to be exported and are helping the 18 to replace the gradually retired paper. A paper bits are withdrawn the coins of 1849 their turn doubtless be retired in favor of t

their turn doubtless be retired in favor of the 1838 impression.

CONGLUSION.

Austrian and Hungarian statesmen have agreed to "let well alone" in the currency situation. This community is either, as the moderate bullionist would say, "growing up to specie payments" or, as the anti-bullionist would fain hope, growing out of all desire to return to them. Since the reconciliation with Hungary there is no part of the civilized world which has made greater strides in material progress than this empire. While in Great Britain, France and Germany stagnation of trade is the order of the day, here everything is instinct with life and progress. Capital is plentiful and confident. Hopfamising disposition is never "sicklied o'er by the patecast" of a currency panic, nor do "enterprises of great pith and moment lose the name of action" as the result of a high pressure rate of discount.

The Boarses of Venna and Pesth are in good, aye, in madcap humor. The Turkish Minister of Public Works, destring to have his network of railroads constructed, wends his way not to Paris nor to London, but to Venna, because in the former cities capinatists are timid and discouraged, while in Vienna they are courageous and sanguine. It follows that when capital is courageous and well remunerated (as the world goes). When the working classes are in allow the consumption of the community increases rapidity, and such is indeed the fact in this instance. Such are the fruits of a two and a half years' trial of the present system.

The only plausible objection that is made to a currency which is representative of taxation and issed on the credit off the nation is that it is liable to greater fluctuations of value than gold and silver coins. On this point also Austro-Hungarian practice may be consulted with advantage. The railroad and telegraph companies fix their premium. The premium charged is fixed once a month, and the reader of Austrian or Hungarian pornation and the system control of the cities of the silver prices the current premium. The pre

WHICH THAT THE MOTE CIRCULATION OF THE PRIVILEGED BANK OF AUSTRIA FROM DECEMBER 31, 1847, TO DECEMBER 31, 1858.

BER 31, 1868.

BER 31, 1868.

5,	Bank Note	e Stock of Bullion
11	Circulation	a. or Bullion Bills
e	Florins.	Florins
H	December 31, 1847219,000,000	70,600,00
d	December 81, 1848222,976,604	31,150,58
d	December 31, 1849250,477,65	30,064,82
t	December 31, 1850255, 367, 221	32,303,12
u	December 31, 1851*215,636,519	42,827,65
1	December 31, 1852*194,943,256	43,247,86
1	December 31, 1853"188,309,217	44,881,83
-	December 31, 1854†383,491,000	48,207,08
a	December 31, 1855377,800,27	49, 110, 55
	December 31, 1856380,181,08	5 198,219,90
t	December 31, 1857383,480,78	\$ \$111,847,86
k	December 31, 1858370,482,78	
e	December 31, 1859466,738,92	
	December 31, 1860474,861,56	2 129,591,36
y is	December 31, 1861468,874,42	3 130,338,10
	December 31, 1862426,877,27	6 105,071,14
10	December 31, 1863396,655,63	
ts.	December 31, 1864347,893,63	28 121, 155, 98
n	December 31, 1865351,100,75	
h-	December 31, 1866 \$283,988,48	104,008,58
	December 31, 1867247,000,00	107,537,50
10	December 31, 1868276,185,18	
ır	. The contraction during these three	

The contraction during these three years was consequent on the repayment by the State of its new debt to the bank in the contraction of the bank notes was met by an equivalent expansion of the State note circulation.

It spansion of bank notes in consequence of the bank having assumed the State notes, as stated in the body of the casay.

Great increase of bullion these three years by way of preparation for resumption of specie payments.

I Diminution in consequence of the State's naving assumed the small notes of the bank, as stated in the casay.

I subjoin some of the monthly statements of circulation in 1866:—

James State Sta

| Intion in 1866;—| Florins. | Florins. | January 31... 341,194,076 | July 31.... 361,770,471 | March 31... 325,987,672 | September 30. 315,616,155 | April 30... 337,923,886 | November 30. 293,353,318 | May 31... 267,822,665 | December 31. 283,983,486 APPENDIX II.

EXHIBITING THE MAIN FLUCTUATIONS OF THE PRE-MICH ON SILVEE FROM MARCH 26, 1849, TO MARCH 15, 1869.

March 28 12 August 22 April 18 11 September 7 May 8 15½ September 22 May 19 17 October 12 May 29 20 November 12 July 1 18 18 December 18 July 1 18 December 18 August 19 19½ 1850.

January 14 18 November 52 January 14 18 November 53 May 19 May 19 May 1850. 1850.

11 November 5*.

22 November 8*.

24 November 12*.

25 17 November 12*.

26 185 November 25*.

36 November 26*.

37 14 December 7.

20 10 December 10.

26 10 December 31.

31 10 14 * Rise caused by imminence of war with Prussia.

| Rise caused by imminence of war with Prussia. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851. | 1851 June 25. 25 December 1. 2432

July 11. 20 December 31. 19

1852. 1 June 28. 18

January 8. 21 June 28. 18

January 13. 25 July 21. 19

February 8. 24 August 31. 174

February 13. 234, September 15. 1614

March 23. 234, October 7. 151

March 23. 244 November 27. 16

April 26. 23 December 10. 1444

May 7. 23 December 20. 122

June 4. 21 December 31. 92

June 4. 21 December 31. 92

January 15. 6 August 23. 84

February 4. 10 September 8. 8

March 3. 9 October 8. 112

April 20. 9 October 3. 112

April 20. 9 October 28. 133

May 2 8 November 22. 153

June 10 December 23. 133

May 3 November 24. 154

June 10 December 25. 154

June 10 December 26. 155

June 10 Busso Turkish war begins to make itself feit at this point. It increases through 1854 and declines at the end of 1256.